



CERF and Country-Based Pooled Funds in Emergency Response A Case Study

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I. Background

Country-based humanitarian funds (i.e. Emergency Response Funds¹ (ERFs) and Common Humanitarian Funds (CHF)²) have in recent years increased in popularity amongst donors and humanitarian organisations, as a way to ensure availability of flexible and timely emergency funding at the country level. There are currently 16 ERFs and four CHFs in operation globally, and eight (seven ERFs and one CHF) of these funds have been established since the beginning of 2009.

The proliferation of humanitarian pooled funds at the country level has necessitated increased attention towards ensuring harmonisation and complementarity of these funds. This is the case within the individual fund types, but also between these instruments and other funding mechanisms (e.g. the Central Emergency Response Fund (CERF) and bilateral funding) as well as appeal frameworks, such as the Consolidated Appeals Process (CAP) and Flash Appeal (FA) process.

As an input to the meeting of the CERF Advisory Group in November 2010, the CERF Secretariat prepared a briefing paper on the status of harmonisation and standardization of the various humanitarian pooled funds (Title: *CERF and Country-Based Humanitarian Pooled Funds*³). During discussions of the paper at the November 2010 meeting, the Advisory Group asked that the CERF Secretariat prepare a detailed case study of the use of various funding mechanisms as part of the response to one single emergency, showing the complexity and complementarities involved and demonstrating how the CERF fits into the diversity of funding for humanitarian emergencies.

II. The Scope of the Paper

Pooled funding instruments are meant to provide the humanitarian community with sufficient flexible and rapid funding in support of timely and effective response to humanitarian emergencies. Pooled funding instruments are also aimed at strengthening humanitarian leadership at the country level, supporting coordination amongst humanitarian partners and improving prioritisation of resources. While seeking to meet these objectives, the introduction of pooled funds should be weighed against the collective cost and resources required to operate and manage them, often referred to as transaction costs.

When multiple pooled funding instruments are utilized jointly in the same country the issue of transaction cost is of special importance. Several specialized and well coordinated funds that each address specific needs may supplement each other effectively by providing a suite of tools that can help improve the overall humanitarian response. However, multiple overlapping and uncoordinated funds

¹ Also in some instances named Humanitarian Response Funds (HRFs)

² ERFs are typically smaller responsive funds that are intended to respond to small shocks at the country level. ERFs predominantly provide funding to NGOs but can normally also provide funding to UN agencies if and when needed. CHFs are larger pooled funds intended to provide timely funding to core elements of the CAP (or similar planning/appeal framework). CHF funding is allocated strategically through a standard allocation process that involves priority setting against CAP objectives, and that relies of clusters/sectors to identify priority projects for funding. CHF standard allocations are normally undertaken twice a year, with the largest portion of funds allocated early in the year in order to front load critical components of the CAP. CHFs have a build-in emergency response window and maintain a funding reserve in order to be able to respond to unplanned for sudden onset needs throughout the year (similar function as an ERF). CHFs can fund both UN and NGOs.

³ Available on the CERF website in the Advisory Group section, under the November 2010 document repository:

<http://ochaonline.un.org/cerf/CERFAdvisoryGroup/CERFAdvisoryGroup20102011/tabid/6943/language/en-US/Default.aspx>

that duplicate efforts may increase overheads and transaction costs unnecessarily without adding significant value to the response.

The added value of utilising one or multiple pooled funding instruments in a given situation will depend on a number of factors, including the specific context of the emergency and the scope and application of the instruments. The aim of this paper is to:

- demonstrate the added value of pooled funds in a specific emergency scenario;
- demonstrate the complementary (as opposed to duplicative) role of CERF and country based pooled funds in responding to a specific humanitarian emergency; and
- present to the CERF Advisory Group a real life example of the use of various funding mechanisms as part of the response to one single emergency, showing the complexity and complementarities involved.

III. Pooled Funds Working Together – Statistics and Background Information

A total of 16 ERFs and four CHF are in operation worldwide. These 20 country-based pooled funds have collectively received nearly US\$1.8 billion in donor contributions to date. The existence of a CHF or ERF in a country does not preclude CERF as a global pooled fund from providing support to sudden onset emergencies or to underfunded elements of a humanitarian response. In fact, during 2010 alone, CERF provided \$241 million in grants to 13 countries⁴ in which either a CHF or an ERF exists. A total of \$153 million were provided from the rapid response (RR) window and \$88 million from the underfunded emergencies (UFE) window.

Utilizing CERF in combination with country-based pooled funds (ERFs or CHFs) provides the Resident/Humanitarian Coordinator (RC/HC) and the Humanitarian Country Team (HCT) with a powerful array of humanitarian financing options enabling a rapid response to emergencies within a given country. However, in order to fully exploit the possibilities offered, it is important that the different funds be used according to their respective strengths, and that they are applied strategically to form a combined response.

Given the size and scope of CHF (typically tens of millions of US\$ in support of core humanitarian activities and rapid emergency response) these funds make an interesting and relevant case study for exploring the joint application of financing tools at the country level. The table below presents CHF funding levels per country for the four CHF countries (Sudan, DRC, Somalia, CAR) along with CERF grants allocated to these countries through the two windows of the fund. As can be seen from the table, substantial CERF allocations have been made to all four countries in parallel to the funds channelled through the CHF.

Country	CHF Period	Cumulative Funding During the CHF Period Indicated				CERF Total 2006 – 2010**
		CHF Income	CERF RR	CERF UFE**	CERF Total	
Sudan	2006 - 2010	\$734 mil	\$121 mil	\$6 mil	\$127 mil	\$127 mil
DRC	2006 - 2010	\$581 mil	\$33 mil	\$158 mil	\$191 mil	\$191 mil
Somalia*	2010	\$31 mil	\$0***	\$15 mil	\$15 mil	\$120 mil
CAR	2008 - 2010	\$34 mil	\$7 mil	\$11 mil	\$18 mil	\$30 mil
GRAND TOTAL		\$1,380 mil	\$161 mil	\$190 mil	\$351 mil	\$468 mil

* The Somalia fund was transformed from an ERF to a CHF in 2010

** Including the 2011 first round UFE allocations for which consultations started in November 2010

*** Not included here is a RR grant of \$33 million approved in late December 2009 which was implemented during the first months of 2010

⁴ \$182 million for ERF countries: Afghanistan (UFE), Colombia (UFE and RR), Ethiopia (UFE), Haiti (RR), Kenya (UFE and RR), Myanmar (UFE and RR), Nepal (UFE), Pakistan (RR), Yemen (UFE and RR) and Zimbabwe (RR). \$59 million for CHF countries: DRC (UFE and RR), Sudan (RR), CAR (UFE and RR).

IV. Sudan as Case Study

The Sudan humanitarian appeal represents the single largest humanitarian appeal under the UN's Consolidated Appeals Process with annual requirements between \$1.3 billion – \$2 billion since 2005. For 2011, the appeal requirements for Sudan are more than \$1.7 billion.

The CHF in Sudan was launched in 2006 to provide timely and un-earmarked funding for frontloading of core elements of the humanitarian appeal, while also ensuring the availability of an emergency funding reserve to enable the Humanitarian Coordinator to respond to unexpected shocks or emergencies throughout the year. The majority of CHF funding is allocated strategically through a standard allocation process that involves priority setting against appeal objectives, and that relies on clusters to identify priority projects for funding. CHF standard allocations are normally undertaken twice a year, with the largest portion of funds allocated early in the year in order to frontload critical components of the appeal. CHF emergency reserve allocations are made at the discretion of the Humanitarian Coordinator on the basis of needs. The Sudan CHF has received an average of \$145 million per year in donor contributions and has since inception attracted a total \$734 million from seven different donors making it the largest of the four CHFs in existence. For the same period, Sudan has received CERF funding totalling \$127 million of which the majority, \$121 million, has been from the rapid response window. Sudan is the second largest recipient of CERF funding overall and the largest recipient of CERF rapid response funding (ahead of Somalia with \$93 million).

With a combined \$865 million of humanitarian funding channelled to Sudan through the CHF at the country level and the CERF at the global level, it makes for an interesting and highly relevant case study on the added value and complementarities of having multiple pooled funding modalities in one emergency. To complete the picture it should be mentioned that Sudan also has an Emergency Response Fund (ERF) in Southern Sudan that is implemented as a window of the CHF, but has its own localised decision making structures under the leadership of the Deputy Humanitarian Coordinator for Southern Sudan.

Since 2006 the Sudan CHF and the rapid response window of the CERF have been used to jointly respond to a number of humanitarian shocks and emergencies in Sudan. These emergencies have been of varying scope and scale, but have all required a humanitarian response not accommodated for within the normal planning and funding cycle. As a consequence, rapid response funds have been requested from CERF to enable timely action.

To illustrate the use of the different pooled funds in Sudan, and to demonstrate the potential added value of having multiple financing instruments available, one large sudden onset emergency - the country wide floods in 2007 - has been selected as the case study for this paper.

Sudan Floods 2007

The Pooled Funds in Sudan in 2007

In 2007 the Sudan CHF attracted a total of \$167 million⁵ in donor contributions, and allocated a total of \$149 million to humanitarian activities. \$126 million was allocated against core elements of the humanitarian appeal in two standard allocation rounds during first quarter of the year and a total of \$23 million was allocated from the CHF emergency reserve over the course of the year, of which \$10.6 million was towards the floods response described in this paper.

The CERF provided a total of \$25.5 million for Sudan in 2007, \$19.5 million through the rapid response window, of which \$8.7 million was in support of the floods response, and \$6 million from the underfunded window.

⁵ Some of this was disbursed by donors during November and December of 2007 and was carried over into the 2008 cycle.

Emergency Context

The rainy season in Sudan normally lasts from August to September, peaking in mid-August. In 2007, however, rains began in early July, with flooding affecting an estimated 410,785 people, including a reported 64 dead and 335 injured. This early flooding raised concern that many more would be affected in the following months. In particular, there was a great risk of further destruction of homes, loss of household livelihoods, disease outbreaks and contaminated drinking water. By the end of July, the United Nations and its partners, working with the government, had established that an additional 265,000 could be affected.

On 21 July, the Government of Southern Sudan issued a flood disaster declaration in six states, and by the seventh of August floods had affected 14 states⁶ in Northern Sudan, and the Sudanese Government issued flash-flood warnings for Darfur, Northern Kordofan, White Nile, Kassala and Red Sea States.

Four key sectors, Health and Nutrition, Water and Sanitation, NFIs and Emergency Shelter, and Food Security and Livelihoods, provided immediate live-saving response to flood-affected communities throughout Sudan. Priority interventions were pre-positioning of food, non-food items, and essential medical supplies; provision of clean water in the context of minimal infrastructure; hygiene promotion; and epidemic surveillance measures. In addition, the Basic Infrastructure and Education sectors started rehabilitating destroyed and damaged schools, delivering learning materials, and rehabilitating damaged infrastructure.

Launch of a Flash Appeal

With their rapid response facilities, the CHF and the CERF provided initial critical funding for the early stages of the flood response, and this helped to ensure that the most time critical humanitarian activities could be implemented. However, with large humanitarian needs still unmet the development and launch of a Flash Appeal was decided, which was intended to help raise additional funds for addressing remaining gaps and for medium term components of the floods response.

On 27 August, the United Nations and Partners launched the Sudan 2007 Floods Flash Appeal. Following the joint assessments and consolidation of data the appeal was targeting an initial estimated 410,000 people already affected by floods with a contingency of an additional 265,000 people that could be affected within the following months. The flash appeal was developed based on preparedness plans and work was coordinated by a floods task force and the Humanitarian Country Team. The following table presents the budgetary requirements of the sectors included in the appeal.

Sector	Lead Agency	Total Request	Secured by 27 Aug 2007	Request as at 27 Aug 2007
Health and Nutrition (HN)	WHO	\$10,363,772	\$6,559,262	\$3,804,510
Water and Sanitation (WS)	UNICEF	\$8,291,500	\$3,054,678	\$5,236,822
Non-Food Items and Emergency Shelter (NS)	UNJLC	\$7,153,717	\$3,850,001	\$3,303,716
Food Security and Livelihoods (FSL)	FAO	\$4,500,000	\$975,001	\$3,524,999
Education (E)	UNICEF	\$2,400,250		\$2,400,250
Basic Infrastructure and Settlement Development (BI)	UNOPS	\$1,942,000		\$1,942,000
TOTAL		\$34,651,239	\$14,438,942	\$20,212,297

⁶ Kassala, Blue Nile, Northern Kordofan, Southern Kordofan, Khartoum, White Nile, Sinnar, Red Sea, River Nile, Al Gazira, Southern, Western and Northern Darfur, and Al Gedaref

Through the flash appeal, the United Nations and its partners requested \$34.7 million for the humanitarian response to the floods. Before the appeal launch \$4.5 million was secured through a CHF emergency allocation, \$8.7 million was secured from a CERF rapid response allocation and \$900,000 was secured through bilateral contributions, leaving unmet requirements of \$20.2 million. The Flash Appeal included a total of 48 projects, out of which 21 were implemented by the United Nations and 27 by NGOs.

Funding of the Response – A mix of Instruments

Internal agency funds and stocks enabled a quick response at the beginning of the emergency. However, these funds and stocks were borrowed from other regions and/or projects and had to be replenished and fresh funding was therefore urgently needed to sustain the response. The Humanitarian Coordinator and the Humanitarian Country Team decided to pursue three funding avenues: bilateral donor contributions, funds from the Emergency Reserve of the CHF, and funds from the CERF rapid response window.

Timing and Sequencing

The chart below provides a detailed mapping of the sequencing and timing of allocation of funds towards the emergency response and of the development of a flash appeal. The chart itself helps to illustrate the different roles played by the various financing instruments in responding to the emergency, and it is followed by a brief analysis of the events and milestones presented in it.

Funding Modality		July			August				September				October			November				Total Funding by Funding Modality	% of Total Funding					
		Onset of Floods	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17			Week 18	Week 19	Week 20	Week 21	
CERF	Development of CERF Requests																									
	CERF Approval 1																								2,663,285	
	CERF Approval 2																								6,016,657	8,679,942
CHF	Development of CHF Requests 1																								Completed on 25 July	
	CHF Approval 1																								4,510,000	
	Development of CHF Requests 2																									
	CHF Approval 2																								4,000,000	
	Development of CHF Requests 3																									
	CHF Approval 3																								2,100,000	10,610,000
Bilateral	Development of Flash Appeal																								Draft Shared with Donors Locally on 9 August	
																									Launched on 27 August	
	European Commission																								486,486	
	Norway																								349,000	
	United States																								603,488	
	European Commission																								549,400	
	France																								992,908	
Denmark																								950,000 (17 Jan 2008)	3,931,282	16.93%
TOTAL																							23,221,224	100%		

The work on developing CHF proposals started within the first few days following the onset of the emergency and was completed in two and a half weeks. The work on a CERF rapid response proposal started a week later and the first version of the proposal was submitted to the CERF secretariat within two weeks followed by a revised and final version one week later. The development of the CHF and CERF proposals was done in conjunction with the broader planning process for the flash appeal, and the processes were interlinked and coordinated to ensure early allocation of funding to the most time critical interventions while avoiding duplication of efforts.

Given that the CHF is managed by the Humanitarian Coordinator at the country level, the first emergency allocation to the flood response was approved immediately after completion of proposals, and funds were disbursed within the following three days. The \$4.5 million through the first allocation from the emergency reserve of the CHF was therefore made available for organisations within three weeks from the onset of the emergency. This initial CHF allocation was followed by \$8.7 million from the CERF rapid response window which was approved in tranches within four to five weeks after the onset of the emergency.

The work on finalising the flash appeal took several more weeks, which may be explained by the fact that initial efforts were focussed on securing CHF and CERF funds to frontload the most time critical elements of the response. A draft of the flash appeal was shared with donors locally on 9 August and

the appeal was launched officially on 27 August. By the time of the appeal launch a reported figure of \$14.4 million had already been secured.

After the launch of the Flash Appeal four more bilateral contributions to the floods were reported totalling \$3.1 million, thereby taking the total reported bilateral donor contributions to the floods to \$3.9 million.

Following a replenishment of CHF funding through a special allocation from the Netherlands, an additional allocation from the CHF was made at the end of October for Northern Sudan consisting of \$4 million, followed by \$2.1 million at the end of November for Southern Sudan, which took the total contribution to the flash appeal to the final amount of \$23.2 million.

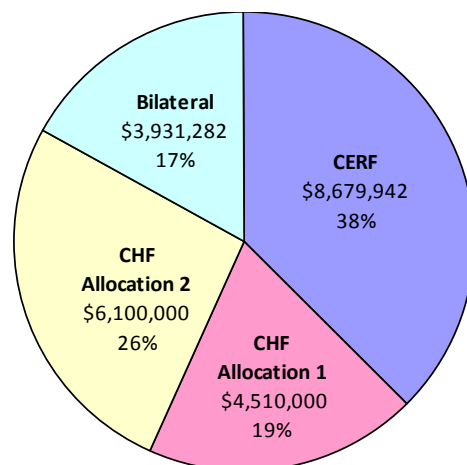
Due to the varying timing and volume of released funds, each of the funding mechanisms had a different strategic importance for the overall response to the emergency. The funds provided from the CERF, the first allocation of the CHF and the first bilateral donor contributions were strategically the most important for the timely implementation of immediate life-saving activities. These funds constituted 60 per cent of the total funding secured for the flash appeal, represented 40 per cent of total appeal requirements and allowed for implementation of the core of the response in the early stages of the floods. The remaining funding that was later secured for the flash appeal supplemented the core funding by addressing critical gaps and allowing for continuation of ongoing response activities.

The CHF also played a role in the longer term strategic flood response efforts in Sudan. In 2008 the HC allocated CHF funding through a standard allocation towards a flood preparedness plan developed by lead agencies and government counterparts following the 2007 floods. The plan sought to improve local flood preparedness capacity and mitigate effects of future floods. The CHF allocation supplemented bilateral donor support and helped bolster these efforts prior to the floods season of 2008.

Funding Profiles – Who Gave How Much to Whom

The following table and chart present the total funding raised for the flash appeal by funding source.

Funding Modality	Received	% of Total
CERF	\$8,679,942	38%
CHF Allocation 1	\$4,510,000	19%
CHF Allocation 2	\$6,100,000	26%
Bilateral Donations	\$3,931,282	17%
Total	\$23,221,224	100%



As can be seen from the table, the pooled funding instruments alone enabled the Humanitarian Coordinator and the Humanitarian Country Team to control and allocate more than \$19 million towards the response, equivalent to 56 per cent of funding needs as estimated in the Flash Appeal and close to 87 per cent of all funding eventually raised for the response. With an allocation of \$10.6 million the CHF alone provided close to half of all funding towards the appeal, closely followed by CERF with \$8.7 million equivalent to 38 per cent of the total.

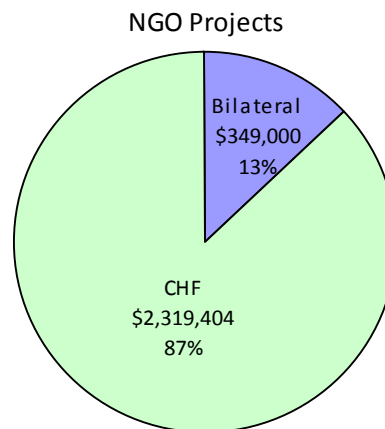
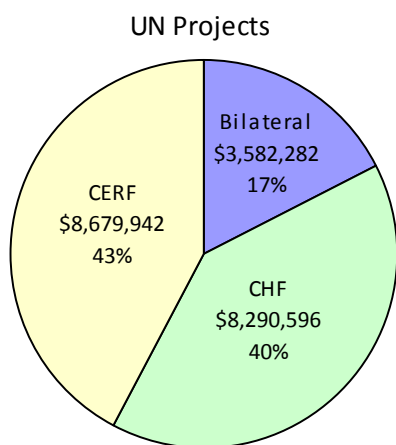
In addition to the above allocations made directly to projects in the flash appeal, the CHF also provided \$350,000 to replenish the Emergency Response Fund (ERF) in Southern Sudan in support of the flood

response in the southern states of Sudan⁷. These funds would be disbursed primarily to international and national NGO projects within our outside the Southern Sudan component of the flash appeal.

The profile of allocations made to the flash appeal by the three funding modalities varied considerably reflecting the differences in mandate and scope of each source. According to its GA resolution mandate, the CERF can only directly allocate grants to UN agencies and IOM. By comparison, the CHF is able to allocate funding directly to both UN agencies, IOM and NGOs⁸, thus providing added overall flexibility for the Humanitarian Coordinator in directing resources to where they are most needed. Bilateral allocations are decided based on donor preferences and priorities and as such the Humanitarian Coordinator had little influence on these⁹.

Find below a summary of how CERF, CHF and bilateral funds were allocated against the flash appeal, followed by a breakdown of how funds were distributed to UN and NGO organisations from the three sources.

CERF Allocations	CHF Allocations	Bilateral Allocations
<ul style="list-style-type: none"> • \$8.7 million in total through one allocation round, • to five different UN agencies, • towards 11 different projects with a minimum allocation size of \$214,000, maximum of \$2.8 million and average of \$790,000. 	<ul style="list-style-type: none"> • \$10.6 million in total through two allocation rounds, • in total 28 different projects supported by CHF with a minimum allocation size of \$60,000, maximum of \$1.3 million and average of \$378,571, • \$8.4 million to six UN agencies for 15 different projects, • \$2.2 million to nine NGOs for 13 different projects. 	<ul style="list-style-type: none"> • Contributions of \$3.9 million in total from five donors (France, Denmark, ECHO, United States and Norway) towards projects in the Flash Appeal, • \$349,000 allocated (from Norway) to one NGO and \$3.6 million allocated to three UN agencies, • Of the five bilateral donors towards the Floods Flash Appeal, only Norway was also a contributor to the CHF¹⁰ in 2007.



⁷ The ERF in Southern Sudan is not a separate fund but a window of the CHF that is managed by the Deputy Humanitarian Coordinator for Southern Sudan. The ERF mainly provide smaller grants to NGOs, including national and international NGOs who are normally not participating in joint appeal frameworks.

⁸ Through a NGO Managing Agent (UNDP in the case of the Sudan CHF)

⁹ In the case of the Sudan floods response, Denmark did seek the advice of the Humanitarian Coordinator before proceeding with an allocation.

¹⁰ In 2007 the Sudan CHF donors were: United Kingdom, Netherlands, Sweden, Norway, Spain and Ireland. Denmark joined as a donor to the Sudan CHF in 2008

It should be noted that in addition to any direct allocations, NGOs may also indirectly benefit from CERF and CHF allocations through UN agencies in their capacity as implementing partners of the UN agencies. However, since subcontracting arrangements are managed through individual bilateral agreements between UN agencies and their implementing partners, tracking of such funding flows are difficult and will not be attempted for this report.

V. Observations and Conclusions

Although it is not possible to determine how the humanitarian response to the Sudan floods in 2007 would have evolved under different circumstances and with different tools and instruments available, it is still possible to draw some credible conclusions on the added value of having the CHF and the CERF jointly available during the response. To this effect, the analysis of the floods response highlighted the following apparent benefits:

- **Coordination and Prioritisation:** The combined allocations from the CHF Emergency Reserve and the CERF rapid response window placed close to \$20 million (equivalent to 56 per cent of total funding needs of the appeal and 87 per cent of all funds raised) under the control of the humanitarian leadership in country, thus allowing a unique opportunity for coordination and strategic allocation of resources to the highest priorities of the response. Only 13 per cent of funding towards the appeal was not directly prioritized by the Humanitarian Coordinator.
- **Speed and Timeliness:** The CHF and the CERF allowed the Humanitarian Coordinator to front load time critical elements of the response while a flash appeal was still being developed, meaning that close to 25 per cent of total funding was allocated within three weeks of the onset of the emergency, and more than 60 per cent within five weeks.
- **Flexibility:** The availability of different financing instruments (CHF, CERF and ERF) provided the Humanitarian Coordinator with a flexible set of tools for channelling funding to gaps and priorities within the response during the various phases of the emergency. The CHF also enabled donors to easily provide additional un-earmarked funding towards the response.
- **Critical Mass:** The CERF and the CHF were each utilized to what was likely close to their maximum capacity under the circumstances, and as such they jointly achieved a combined critical mass of flexible un-earmarked funding that neither of the two instruments would have been able to offer alone.

The analysis thus clearly indicates that the CERF and the CHF had a positive impact on the overall effectiveness of the response, and that utilising both instruments collectively yielded more options and opportunities for the Humanitarian Coordinator and the humanitarian community, than any of the two instruments could have done individually

Such observations are of course by nature context specific, as they reflect the particular case study presented in this paper, but they also represent general opportunities for benefits that may be achieved in emergency response by strategically utilizing a combination of instruments according to their individual strengths and mandates.